

## **Audit Report No. 29**

### **Provision of Migrant Settlement Services by DIMA**

#### **Introduction**

- 2.1 The purpose of the audit was to assess the efficiency and effectiveness of the administration of migrant settlement services by the Department of Immigration and Multicultural Affairs (DIMA).<sup>1</sup>
- 2.2 DIMA delivers settlement services to migrants within the framework of the National Integrated Settlement Strategy. This is '...a planning framework which seeks to link and integrate services available to migrants and refugees in Australia at local, regional, State/Territory and national levels.'<sup>2</sup> Services include the following:
- grants to community organisations to assist the settlement of migrants through the Community Settlement Services (CSS) Scheme;
  - the funding of Migrant Resource Centres (MRCs);
  - the Adult Migration English Program;
  - the Translating Interpreting Service;
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1 *Audit Report No. 29, 1998-99*, p. 37.

2 *Audit Report No. 29, 1998-99*, p. 15.

- the Community Refugee Settlement (CRS) Scheme, under which community groups provide settlement services for the first six months after a refugee's arrival; and
  - the On-Arrival Accommodation (OAA) Scheme, which provides initial, short term accommodation.<sup>3</sup>
- 2.3 The audit focused on strategic management, as well as the operational management of some of the individual schemes.<sup>4</sup> These were the Community Settlement Services (CSS) Scheme; the MRC Program; the OAA Scheme; and the CRS Scheme.
- 2.4 The audit concluded that DIMA should take the following action.
- implement an improved planning and performance information framework;
  - strengthen the grant application, assessment and monitoring processes for the CSS Scheme;
  - achieve more consistent administration of the monitoring and reporting arrangements for MRCs; and
  - review the outcomes it expects from the provision of humanitarian settlement services.<sup>5</sup>
- 2.5 The department agreed with all of the recommendations and noted that it was already in the process of implementing some of them.<sup>6</sup> It also noted that the audit report had provided valuable guidance on how the department should revise its practices to accommodate accrual budgeting.<sup>7</sup>
- 2.6 At the public hearing, the Committee sought more information in relation to:
- contract management;
  - strategic management;
  - oversight of migrant resource centres;
  - accommodation entitlements; and
  - the accuracy of program objectives.
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3 *Audit Report No. 29, 1998-99*, pp. 15-16.

4 *Audit Report No. 29, 1998-99*, p. 37.

5 *Audit Report No. 29, 1998-99*, p. 17.

6 *Audit Report No. 29, 1998-99*, p. 18.

7 Peter Hughes, DIMA, *Transcript*, p. 50.

## Contract management

- 2.7 The audit report observed several deficiencies in the management of the contract for on-arrival accommodation. These included the following:
- Two of the three state offices failed to meet monthly with the contractor, as required under the contract.<sup>8</sup>
  - Quarterly meetings were not conducted at a senior level. Instead, communication with the contractor was conducted on an informal basis. The department acknowledged that contract management had been set back from early 1998 due to loss of corporate knowledge.<sup>9</sup>
  - There was no systematic process to monitor reports provided by the contractor. One state office did not review contractor reports at all.<sup>10</sup>
  - There was no clearly articulated framework for contract management in the program, and no consolidated guidelines or formal training to assist staff.<sup>11</sup>
- 2.8 The Committee asked DIMA's representatives what changes had been made to the monitoring arrangements for the contractors' reports. DIMA acknowledged that there was considerable scope to improve contract management practices in the department. DIMA informed the Committee that this deficiency was being addressed by:
- the redevelopment of contract management guidelines;
  - the incorporation of contract management training into staff performance and learning agreements; and
  - management of the redesign program in 2000.<sup>12</sup>

## Committee comments

- 2.9 While welcoming these initiatives, the Committee is disturbed by an apparent pattern within the department of relying on corporate knowledge rather than adherence to better practice. In the Committee's view, corporate knowledge is more usefully viewed as supplementary to better practice.

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8 *Audit Report No. 29, 1998-99*, p. 77.

9 *Audit Report No. 29, 1998-99*, pp. 77-8.

10 *Audit Report No. 29, 1998-99*, pp. 78-9.

11 *Audit Report No. 29, 1998-99*, pp. 78-9.

12 Philippa Godwin, DIMA, *Transcript*, p. 63.

- 2.10 The Committee advises that DIMA's contract management practices will be further scrutinised in the JCPAA's inquiry into contract management in the Australian Public Service.

## Strategic management

- 2.11 Strategic management principles are designed to support and reinforce effective public sector governance. They include:
- implementing an appropriate planning framework, which includes effective risk management;
  - developing a performance information and monitoring framework;
  - ensuring clear lines of responsibility and accountability within the organisation.<sup>13</sup>
- 2.12 In order to implement these principles, an agency needs to
- ...ensure that there is an understanding and commitment of all involved; robust control structures which are designed to deliver the corporate objectives; and a stable management environment which sets in place the broad principles under which the agency operates.<sup>14</sup>
- 2.13 At the public hearing, the Committee pursued the issues of risk management and performance planning.

## Risk management

- 2.14 The ANAO recommended that DIMA implement a systematic approach to risk management for the provision of migrant settlement services. At the hearing, DIMA informed the Committee that the department was '...working on the kinds of risk management plans for settlement services that ANAO envisaged...' DIMA added that this process was the formalisation and documentation of a process that the department already undertook.<sup>15</sup>
- 2.15 The ANAO observed that much of the value of the more disciplined approach advocated by the ANAO is that it allows '...risk assessment and the mitigation strategies to flow into business plans and operational
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13 *Audit Report No. 29, 1998-99*, p. 39.

14 *Audit Report No. 29, 1998-99*, p. 39.

15 Peter Hughes, DIMA, *Transcript*, p. 60, Jennifer Bedlington, DIMA, *Transcript*, p. 61.

plans...'<sup>16</sup> The ANAO questioned how DIMA saw the risk management plans linking to other planning.<sup>17</sup>

- 2.16 The Committee inquired as to why the relevant program area of DIMA had taken over a year to reach the point that it had. In response, DIMA informed the Committee that the whole department was developing a structure for formally assessing risk. Hence the area dealing with migrant settlement had aligned its timetable with that of the department.<sup>18</sup> DIMA assured the Committee that the department was committed to implementing the ANAO's recommendation.<sup>19</sup>

## Performance planning

- 2.17 Instead of replacing the Corporate Plan, which expired at the end of 1996, the department developed interim arrangements, principally an Activities Statement. The statement was largely a list of activities with associated responsibilities. It did not specify desired project outcomes or performance measures to assess the achievement of those outcomes. In addition, no settlement service business plans for 1997-98 were developed at Central Office. Work plans were of variable quality, and of the three state offices visited, only Queensland had an operational plan for 1997-98.<sup>20</sup>
- 2.18 The ANAO noted that DIMA's interim planning arrangements:  
...did not provide a sufficiently sound structure for directing the efforts of the various areas within DIMA to contribute effectively to the provision of specific settlement services consistent with high level plans.<sup>21</sup>
- 2.19 At the hearing, the Committee pursued this issue, asking DIMA's representatives to explain this situation. DIMA acknowledged that the activity statement should have specified program outcomes and performance measures and informed the Committee that this situation was being rectified.<sup>22</sup>

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16 Ian McPhee, ANAO, *Transcript*, p. 60.

17 Ian McPhee, ANAO, *Transcript*, p. 60.

18 Peter Hughes, DIMA, *Transcript*, p. 60.

19 Peter Hughes, DIMA, *Transcript*, p. 61.

20 *Audit Report No. 29, 1998-99*, p. 41.

21 *Audit Report No. 29, 1998-99*, p. 42.

22 Peter Hughes, DIMA, *Transcript*, p. 58.

## Committee comments

- 2.20 The Committee welcomes the department's progress in the area of risk management. However, it remains concerned that DIMA appears to view this process as a formality rather than an integral component of effective management. The Committee encourages DIMA to view risk assessment processes and structures in a more serious light, and to hasten their implementation accordingly.
- 2.21 With respect to performance planning, the Committee observes that when objectives are unclear, performance cannot be measured. DIMA should indicate its objectives precisely, and state in detailed and measurable terms what is being done to achieve them. The Committee considers that DIMA should make every effort to assure the Government and the Parliament that its resources are being effectively and efficiently directed towards stated objectives.

## Oversight of migrant resource centres

- 2.22 Effective monitoring of, and reporting by, MRCs are important components in ensuring that funds are used appropriately and that program objectives are met.
- 2.23 The ANAO concluded that administration of the reporting and monitoring arrangements for MRCs at the time of the audit was weak. Examples include the following:
- MRC management meetings were not regularly attended by DIMA staff.
  - There were delays in acknowledging and acting upon significant problems.
  - Reports by MRCs were generally not submitted on time, and not always of value to DIMA.
  - There was a lack of feedback by DIMA on the reports.<sup>23</sup>
- 2.24 At the public hearing, the Committee inquired as to the progress made in this area. DIMA responded that the new service agreements would address these problems.<sup>24</sup> For example, program payments would depend on milestones being reached.
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<sup>23</sup> *Audit Report No. 29, 1998-99*, p. 71.

<sup>24</sup> David Page, DIMA, *Transcript*, p. 59.

- 2.25 While the ANAO noted that the new Service Agreement was much improved, it made the following comment:

Many of the weaknesses observed by the ANAO were not so much in the arrangements themselves, but in the consistency and efficacy with which they were applied, as well as in the quality of data supplied by MRCs and the use made of it. There is a need for an improvement in its administration of monitoring and reporting, compared with past practices, if DIMA is to achieve the benefits it is seeking under the new Service Agreement.<sup>25</sup>

### Committee comments

- 2.26 The Committee supports the sentiments expressed by the ANAO. It appears that a significant cultural shift in DIMA is required for this scheme to be administered effectively. While welcoming the safeguards included in the new agreement, such as the use of program payments dependent on milestones, the Committee urges DIMA's management to move towards the necessary cultural change through both leadership and training.

### Accommodation entitlements

- 2.27 The ANAO noted that DIMA could save up to \$500 000 per annum on its accommodation program through '...better management of occupancy and overstaying.'<sup>26</sup> At the hearing, the Committee inquired as to whether that money had been saved.
- 2.28 DIMA responded that fluctuation in visa grants and arrivals made it difficult to ensure the stock of accommodation was always utilised. However, DIMA outlined two attempts to manage this situation more efficiently. First, DIMA was considering ways of flattening out the visa grants process and the arrival process to ensure a more steady arrival pattern. Second, DIMA was considering '...more flexible ways of managing the accommodation support requirements of refugees and humanitarian entrants to...respond more to the natural ebbs and flows in the visa grant and arrival processes.'<sup>27</sup>

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25 *Audit Report No. 29, 1998-99*, p. 72.

26 *Audit Report No. 29, 1998-99*, p. 81.

27 Philippa Godwin, DIMA, *Transcript*, p. 55.

- 2.29 The Committee also raised the ANAO's observation that migrants in New South Wales could stay in assisted accommodation for 26 weeks before being considered overstayers. In other states, the relevant period was only 13 weeks.<sup>28</sup>
- 2.30 At the hearing, DIMA defended this approach on the grounds that housing markets vary considerably between states.<sup>29</sup>
- 2.31 Another issue raised by the ANAO concerned the department's discretion to not charge overstayers the market rate of rent.
- 2.32 In response to inquiries from the Committee, DIMA argued that this discretion had generally been exercised to the benefit of refugees.<sup>30</sup>

### Committee comments

- 2.33 The Committee is concerned that DIMA has so much discretion in its determination of rental charges. Such a situation renders migrants vulnerable to the vagaries of managers' decisions. The Committee takes the view that there should be clear and fair guidelines that leave no party in doubt as to the entitlements of migrants. Such guidelines could take account of variations in the availability of housing in different states.
- 2.34 Further, the Committee is concerned that the current approach impedes the collection of meaningful data on the use of accommodation and the rates of overstaying. In particular, it is difficult to compare the effectiveness of the approaches of different states when overstaying is calculated differently.

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### Recommendation 1

- 2.35 **The Committee recommends that the Department of Immigration and Multicultural Affairs formulate guidelines that articulate precisely the accommodation entitlements of newly arrived migrants.**

**Further, the Committee recommends that these guidelines be implemented consistently.**

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28 *Audit Report No. 29, 1998-99*, pp. 80-1.

29 Jennifer Bedlington, DIMA, *Transcript*, p. 57.

30 Jennifer Bedlington, DIMA, *Transcript*, p. 65.



## Accuracy of program objectives

2.36 The Auditor-General observed that:

Good administrative grant practices seek to ensure program/sub-program objectives are clearly and consistently reflected in funding priorities and guidelines.<sup>31</sup>

2.37 In this case, the audit noted a discrepancy between a sub-program objective and the actual administration of that program. The program objective stated that a program was for 'recently-arrived migrants and humanitarian entrants'. However, the program was actually administered in line with the longstanding practice that, while the needs of new migrants were a priority, the needs of established ethnic communities would also be considered.<sup>32</sup>

2.38 The ANAO commented that:

...program management and accountability would benefit from greater clarity in the sub-program objective and in its administrative interpretation.<sup>33</sup>

2.39 At the public hearing, DIMA informed the Committee that the sub-program for 'recently-arrived migrants and humanitarian entrants' had been abolished. In its place were instituted activities to support Outcome Two, *a society which values Australian citizenship, appreciates cultural diversity and enables migrants to participate equitably*. The Committee was informed that this situation resolved the former conflict between the stated objective and the actual administration of the program.<sup>34</sup>

## Committee comments

2.40 The Committee understands the flexible way in which the term 'settlement' has been defined, and accepts that this issue may have been partly responsible for the anomaly observed by the ANAO.

2.41 The Committee is satisfied that the new outcome objective is broad enough to cover the breadth of activities undertaken within the relevant program.

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31 *Audit Report No. 29, 1998-99*, p. 53.

32 *Audit Report No. 29, 1998-99*, p. 53.

33 *Audit Report No. 29, 1998-99*, p. 54.

34 Peter Hughes, DIMA, *Transcript*, pp. 54-5.

